



Departmental Business Plan and Outlook

**Department Name: Performing Arts Center
Management Office (PACMO)**

**Fiscal Years:
2004 (Current FY)
&
2005 (Next FY)**

Plan Date: December 2003

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Goals:

Complete the capital plan for the Performing Arts Center of Greater Miami

Anticipate capital needs and manage within budget

Maintain High Quality Standards

Influence PACB's management of Construction Schedule

APPENDIX

EXECUTIVE SUMMARY

The Performing Arts Center Management Office (PACMO) was created, under the auspices of the County Manager's Office, to carry out the construction of the Performing Arts Center of Greater Miami. The Arts Center is planned to be a world-class venue consisting of three performance halls and a large public plaza. It is the largest public-private sector initiative ever undertaken by and in Miami-Dade County, with its partners, the Performing Arts Center Trust and the Performing Arts Center Foundation. These entities will be responsible for operating the performing arts center once complete and raising the private sectors funds necessary to complete the construction and to operate the center.

Construction has been underway for over two years and has had a variety of major challenges. The construction schedule has extended over one year beyond the original schedule. While costs are still well within the project budget, the at-risk construction manager has submitted cost claims, both for scope and delay that, if agreed to by the County, would cause the costs to exceed the budget.

The most significant objectives for the current and next fiscal year will be to work with the construction manager and the architect to establish an "iron-clad" construction schedule that will guide the project's design and construction teams through to the end of the project, and to determine responsibility for the costs identified by the construction manager, allowing the County to predict its total potential cost exposure.

Most critical to the department's meeting these objectives is the construction manager's fulfillment of its contractual obligations to the County in assuming the risk for cost and schedule that its contract with the County requires. It will also require that the project's design team fulfill its obligation to deliver clear design information and respond to "requests for information" and submittals within contract-provided time limits.

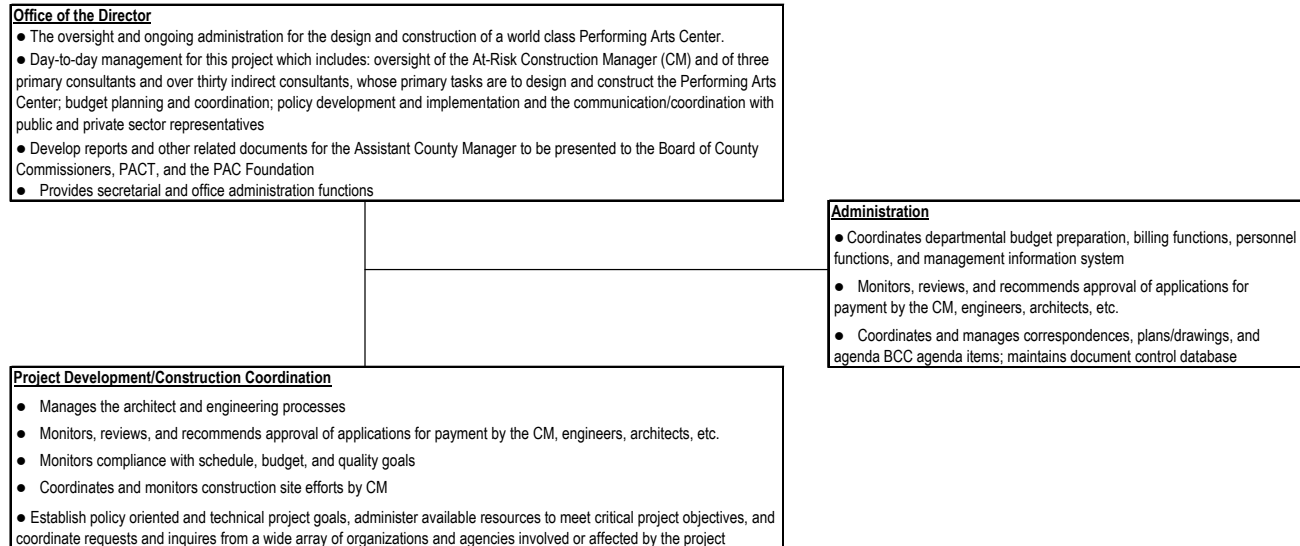
Finally, it is also critical that the department have the staff support necessary to carry out the County's responsibilities during construction.

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High level table of organization here with titles and relationships of major responsibility areas.



Summary of major accomplishments or milestones anticipated for the fiscal year

Major accomplishments or milestones anticipated for the fiscal year include the completion of the steel structural framing and the block and glass exterior envelope of the building, with stone installation ongoing. Temporary air conditioning will be activated in order for the installation of the interior finishes to begin.

Signature
Department Director

INTRODUCTION

Department Purpose/Mission Statement

Designs, constructs, and operates a state-of-the-art multi-hall complex to serve as the home of four resident companies, visiting companies, and community-based performing arts and arts education organizations

Department Description

Overview

The department is responsible for overseeing the construction of the performing arts center on behalf of the County and the County Manager's Office. Specifically the department manages those aspect of the construction for which the County is responsible. This includes oversight of the contracts with the at-risk construction manager and the project's design team. The department also brings to bear other consulting services necessary for the fulfillment of these contracts, such as testing and inspection services.

The department oversees the following major contracts:

- Design Architect (Cesar Pelli and Associates)
- Acoustician (Artec Consultants Inc.)
- Theater Planning (Fisher Dachs Associates)
- At-Risk Construction Manager (PACB)
- Materials Testing and Inspection (ILG)
- Threshold Inspection (YAS)
- Claims Avoidance/defense (Wagner, Hohns, & Inglis)
- Project Management/Scheduling (Architects International)
- General Project Management (URS)

The staff manages the capital budget, administers the payment application process, performs general contract administration for the above listed contracts and coordinates with other regulatory entities, agencies and municipalities who have responsibility for some aspect of the project's execution.

Department History/Significant Events impacting Mission

The department was essentially created at the anticipated commencement of the construction phase of the project. At that time, the design documents were considered complete and biddable. However following the first construction bid, it was evident that the construction documents completed by the architect required both further design effort and value engineering. Over one year was provided for that effort. Also during the first bidding phase, two sub-consulting architectural firms resigned. These firms had been responsible for the completion of the construction document

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phase of design and were intended to perform construction administration services. The fact that these firms are no longer a part of the project has significantly impacted the construction phase in that the architectural firms responsible for the design phase upon which construction is dependent are not available to manage their work. This has left the Cesar Pelli firm to assume responsibility for construction documents that it did not prepare. Notwithstanding, the CP&A firm is the architect of record and does have contractual responsibility for all aspects of the design contract, causing it to also assume responsibility for the failures of its sub-consultants. The incomplete state of the construction documents has and will continue to impact ongoing construction.

Recognizing the existence of the situation described above, PACMO reconfigured the procurement process for the construction contract, converting it from a lump sum general construction contract to a construction manager at-risk contract. This provided for the builder to identify deficiencies in the construction documents for correction by the design team, prior to the commencement of construction. This was included in a pre-construction phase of the construction contract with PACB.

PACB did not complete its pre-construction work during the period in the contract providing for it. Pre-construction has continued well into the construction phase, impacting the construction schedule and the project costs. The County believes that the failure to adequately perform or complete its pre-construction services has allowed the incomplete design documents to continue to be a factor in the construction process. It has also lead to the submission of a significant number of additional cost requests from sub-contractors, both for the alleged addition of scope to the project and for the time impact of the alleged additions.

Finally, the challenges described above are made more difficult by the complexities of this building type and the method of construction in a locale unfamiliar with steel construction. It has been equally difficult to recruit and maintain a staff with the skill set to manage these complexities. We have experienced a personnel turnover rate that has impacted on the historical knowledge in key senior positions. Specifically, the assistant director position is currently vacant, as is one senior project manager position.

Of the three key challenges described above, which have the potential of continuing to impact construction through completion, the Director is confident that with the addition of URS, providing project management assistance, and the potential recruitment of an assistant director through a national recruitment process currently underway, the staffing challenges will be resolved in this fiscal year. It will be more difficult to fully resolve the other challenges without adding significant additional resources to the Cesar Pelli firm and without PACB's acceptance of certain contract responsibilities.

Organization and Staffing Levels

FY 03		FY 04	
1	Director	1	
0	Executive Assistant	1	
1	Administrative Assistant	1	
2		3	
\$	268,000	\$	421,000

FY 03		FY 04	
1	Asst. Director	1	vacant
3	Senior Project Manager	3	1 position vacant
0	Asst. Project Manager	0	
1	Administrative Office 2	1	
5		5	
\$	525,000	\$	558,000

FY 03		FY 04	
1	Finance Manger/SPA 1	1	
\$	97,000	\$	103,000

OUTSTATIONED STAFF			
1	Senior Procurement Agent (DPM)	1	
1	Compliance Specialist 2 (DBD)	1	
\$	120,000	\$	131,000

TOTALS			
FY 03		FY 04	
8		9	
2	Outstationed	2	
\$	1,010,000	\$	1,213,000

As described above, there are two key vacancies, which will be filled in one of two ways. First, there is a national recruitment underway to replace an assistant director position, which has been vacant since July 2003. The position of senior project manager may be filled through the consulting services of URS. During the past six months, a new position of senior assistant to the director has been created and filled by the former director of construction renovation services in the GSA department. This addition has provided tremendous assistance to the department in general and to the director in the absence of an assistant director. The incumbent represents the director at meetings, handles correspondence, oversees the process of responding to change order requests and generally coordinates the needs of construction with the services needed by the architect identified through requests for information.

Fiscal Environment

Revenues and Expenditures

	<i>FY 03 Actuals</i>	<i>FY 04 Budget</i>	<i>Projections As of *</i>
Revenues			
Bond Proceeds	\$0	\$159,705,000	
Non-Bond Proceeds	\$0	\$54,850,000	
Other	\$0	\$68,000,000	
Interest Earnings	\$3,359,689	\$53,150,000	
Grants	\$250,320	\$4,025,000	
Miscellaneous	\$24,445	\$408,000	
PAC Operating Subsidy per Bond Docs.	\$1,400,000	\$4,200,000	
Carryover	\$154,610,270		
Total Revenues	\$159,644,724	\$344,338,000	\$0
Expenditures			
Salaries and Fringes (PACMO Administration)	\$1,119,724	\$8,270,008	
Other Operating Expenses (PACMO Administration)	\$319,463	\$1,745,992	
Capital (Construction and Project Related)	\$62,197,265	\$334,322,000	
Total Expenditures	\$63,636,452	\$344,338,000	\$0
Revenues Less Expenditures	\$96,008,272		

* Projection will be presented when PACMO completes FY 04-05 Budget Development

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Fiscal Years: 2004 and 2005

Equity in pooled cash (for proprietary funds only)

	Prior Years	Prior FY '03	All Years
	Year End Actual	Year End Actual	
Fund Type/Fund/Subfund/Project			
♦ CB/360/008/368017 (Series '96)	\$8,868.70	(\$9,744.20)	(\$875.50)
♦ CB/360/008/368018 (Series '96, interest)	\$0.00	\$0.00	\$0.00
♦ CB/360/009/368017 (Series '97 B, interest)	\$17,385,627.60	\$52,396,364.27	\$69,781,991.87
♦ CB/360/009/368020 (Series '97 B, interest)		\$571,842.11	\$571,842.11
♦ CO/310/317/368017 (Private donations)	\$19,206,536.29	(\$2,670,324.53)	\$16,536,211.76
♦ CO/310/318/368017 (Miami Beach)	\$8,346,584.88	\$140,385.31	\$8,486,970.19
♦ CO/310/319/368017 (2/3 CDT)	\$8,224,822.52	\$113,586.56	\$8,338,409.08
♦ CO/310/320/368017 (PAC Subsidy CDT)		\$1,400,144.70	\$1,400,144.70
♦ Grants (interest to be returned to State)	\$0.00	\$0.00	\$0.00
♦ CPCU01 - Bridge	\$49,752.90	\$687.10	\$50,440.00
♦ CPCU02 - Gateway Park (Closed)	\$4,171.03	\$0.00	\$4,171.03
♦ CPCU03 - Sears Demo. (Closed)	\$0.00	\$0.00	\$0.00
♦ CPCU04 - Furniture, Fixtures, & Equipment	\$0.00	\$125,094.32	\$125,094.32
♦ CPCU05 - Theater Rigging	\$0.00	\$125,094.32	\$125,094.32
Total	\$53,226,363.92	\$52,193,129.96	\$105,419,493.88

Investments in non-pooled cash (Salomon Smith Barney)

	Prior Year	Annual Total FY '02	All Years
	Year End		
Fund Type/Fund/Subfund/Project			
♦ CB/360/009/368017 (Series '97 B)	\$105,298,537.12	(105,298,537)	-
GRAND TOTAL	\$158,524,901.04	(\$53,105,407.16)	\$105,419,493.88
PAYABLES	(\$3,914,630.98)	(\$5,496,591.23)	(\$9,411,222.21)
CARRYOVER	\$154,610,270.06	N/A	\$96,008,271.67

* All funds in Salomon Smith Barney were transferred into County Pooled Cash in December 2002

Insert discussion of major funding sources, major variances in revenues and expenditures from prior years, and significant in-kind services here focused on performance impacts

As you can see above, the Performing Arts Center is mainly funded from Bond proceeds. The first bond issue in 1996 provided approximately \$59.2M and in 1997 another \$100.5M was provided. Other major sources include actual and projected interest, private sector contributions and State/County grants. See below for the funding sources for FY 2003-04:

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	FY 03-04 Budget
<u>Revenues</u>	
'96 Proceeds	\$59,225,373
'96 Interest	\$15,244,283
'97 Proceeds	\$100,479,620
'97 Interest	\$32,466,603
County Contribution (CDT/Loan)	\$68,000,000
PAC Operating Subsidy	\$4,200,000
Non-Bond	
-PAC Foundation (Design Contributions)	\$42,200,000
- Miami Beach	\$5,900,000
- 2/3 CDT	\$6,750,000
- Miscellaneous	\$407,937
- Non-bond interest	\$5,440,012
Grants	
- State of Florida Line Item	\$1,500,000
- Florida Historic Preservation	\$425,000
- Florida Office of Tourism & Economic Development	\$300,000
- Florida Division of Cultural Affairs	\$1,000,000
- SNP	\$800,000
Total Budget	\$344,338,827

Business Environment

Summary of department business environment here, including competition analysis if applicable

While a discussion of customers, market participants and competition will certainly be relevant to the ongoing operation of the performing arts center these issues do not have significant meaning during the construction phase or to the department's responsibilities in the construction of the project.

Further, the issuance of a building permit in October 2001 has minimized the potential impact of regulatory changes in building codes and zoning regulation on the project.

Possible business environment impacts, if any, may include competitiveness among bidders for un-bought scopes of the project. This will only impact those aspects of the work for which the County has direct responsibility to purchase. The price of un-bought scopes within the construction manager's guaranteed maximum price contract are protected by the guarantee.

Critical Success Factors

Discussion of critical success factors here

- ✓ Providing funds necessary to complete the project to the standard originally set. This will include providing funding for additional consulting services, adequate staff resources, construction scope increases and delays and to complete un-bought aspects of the project for which the County or the PACT are responsible.
- ✓ Hold PACB to the construction schedule so that it can be a reliable guide as to the completion of construction activities, upon which the private sector partners plan opening season events.
- ✓ Proper implementation of quality control program by PACB
- ✓ Resolution of cost issues through successful mediation
- ✓ Provision of adequate design resources that will minimize the impact of design document incompleteness.
- ✓ Fulfillment by the PACT and the Foundation of its obligations to the County in terms of fundraising and providing an achievable operating plan and within timetables provided for within the Operating Agreement and Cooperation Agreement governing these entities

Future Outlook

Brief discussion here of future year tasks/activities/programs required to achieve Strategic Plan objectives

Critical to achieving the overall goal of PACMO to successfully complete the construction of the arts center will be a mid-term restructuring of the contractual relationships with the design team and the at-risk construction manager. This is necessary as a result of contractual ambiguities and inconsistencies between the contracts and to clarify certain issues whose interpretation has created conflict between the principal parties.

Pending cost disputes must be resolved and the County must review its budget against the projected needs of the project. Finally the County should not accept a schedule from PACB that it does not believe is achievable. Instead, the County will work together with PACB and CP&A to assure that the schedule provided can be met by all parties and that it can be relied on a completion target.

THE PLAN

Overview

Our FY 2003 – 04 business plan draws heavily on previously adopted work including the Miami-Dade County Strategic Plan. Miami-Dade County's Strategic Planning initiative is both a plan and a process. The plan provides a framework at a broad Countywide level where we want to go, how we get there, and how we measure our progress along the way. The process ensures increased communications at all levels of County government using consistent terms. These terms were incorporated in the document adopted by the Board.

- Our Countywide *Vision* communicates the community's shared vision for the best possible future for Miami-Dade County government.
- Our Countywide *Mission* statement communicates the role of our government. Miami-Dade County's mission statement is "Delivering excellent public services to address the community's needs and enhance our quality of life".
- Our *Guiding Principles* communicate to all levels of our organization the manner in which we expect all decisions, interactions and activities to be performed.
- Our *Strategic Themes* represent what we consider to be the most significant challenges and opportunities facing Miami-Dade County government.
- We have developed *Goals* across all County Departments. These goals provide the direction the County must move in to address the priority strategic themes and help guide us towards the desired future.
- For each goal we have defined a desired *Outcome* or set of outcomes that the County must achieve to be successful in accomplishing the goal. These outcomes are from the customer/community perspective (e.g. quality of service provided, customer satisfaction).
- For each outcome(s), implementing *Strategies* summarize at a broad countywide level the actions that will be taken to achieve the outcome(s).
- *Key Performance Indicators* are the measures that express the County's intentions from the Strategic Plan. Associated *Key Performance Objectives* assign measurable targets and timelines to the key performance indicators while the *Performance Measure* is the specific unit of measure. Departments may develop *Additional Performance Objectives*.
- *Department Activities, Tasks or Programs* are actions or groups of actions that will be undertaken by a particular department in a specific fiscal year in order to implement a strategy.

As part of the County's Strategic Plan, the Board of County Commissioners endorsed nine priority strategic themes countywide. This Department is primarily supportive of the following strategic themes:

- *Promote a healthy economy through business development, further economic diversification based on key industries, and by addressing economic disparities in our community.*
- *Improve the quality of life for all County residents*

Supporting these themes are supporting goals and priority outcomes that directly relate to this department. These are provided along with the Department's Tasks, Activities, and Performance Measures for fiscal year 2004.

Department-related Strategic Plan Goals:

- *Goal ED4- Create a more business-friendly environment in Miami-Dade County*
- *Goal ED1- Allocate County Government resources in support of activities that increase and diversify jobs and incomes while eliminating socio-economic disparities in underserved areas*
- *Goal RC1 – Establish easily accessible, diverse and enjoyable programs, services, places and facilities to meet our community's unique and growing needs*

Department-related Strategic Plan Priority Outcomes:

- *Outcome ED4-1- Improved infrastructure and redevelopment to attract businesses to underserved and distressed areas*
 - *Identify and improve aesthetics in neglected areas*
- *No Priority Outcome for Goal ED1*
- *Outcome RC1-6 – Recreational, cultural and library facilities located where need throughout the County*
 - *Improve and build facilities in concert with needs and desires*

Departmental Business Plan and Outlook

Department Name: PACMO

Fiscal Years: 2004 and 2005

Goal ED4: Create a more business-friendly environment in Miami-Dade County

Goal ED1: Allocate County Government resources in support of activities that increase and diversify jobs and incomes while eliminating socio-economic disparities in underserved areas

Outcome ED4-1: Improved infrastructure and redevelopment to attract businesses to underserved and distressed areas

Outcome ED1-6: Greater cultural appeal of Miami-Dade County businesses

Strategies: Promote a healthy economy through business development, further economic diversification based on key industries, and by addressing economic disparities in our community.

Key Performance Indicator(s)/Objective(s) (From Strategic Plan): None Applicable

The following performance indicators are intended to measure the Project's progress in relation to schedule and budget

		FY	FY		
DEPARTMENT PERFORMANCE OBJECTIVE(S)				TASKS/ACTIVITIES/PROGRAMS	OWNERSHIP
DESCRIPTION OF PERFORMANCE MEASURE	PERFORMANCE LEVELS				
	PRIOR FY 03 ACTUAL	TARGETS			
		FY 04	FY05		
Savings on the Guaranteed Maximum Price Contract	\$3.607M	N/A	N/A		This is not a target measure, it is more of a indicator of where we are at a given point in time; the Construction Manager has the right by Contract to use these savings until the last subcontract is bought
Use of the Construction Manager's Contingency	\$421,268	N/A	N/A		This is not a target measure, it is more of a indicator of where we are at a given point in time; the Construction Manager has the right by Contract to use this account s the Project progresses

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Goal ED4: Create a more business-friendly environment in Miami-Dade County

Goal ED1: Allocate County Government resources in support of activities that increase and diversify jobs and incomes while eliminating socio-economic disparities in underserved areas

Outcome ED4-1: Improved infrastructure and redevelopment to attract businesses to underserved and distressed areas

Outcome ED1-6: Greater cultural appeal of Miami-Dade County businesses

Strategies: Promote a healthy economy through business development, further economic diversification based on key industries, and by addressing economic disparities in our community.

Key Performance Indicator(s)/Objective(s) (From Strategic Plan): None Applicable

The following performance indicators are intended to measure the Project's progress in relation to schedule and budget

		FY	FY		
DEPARTMENT PERFORMANCE OBJECTIVE(S)				TASKS/ACTIVITIES/PROGRAMS	OWNERSHIP
DESCRIPTION OF PERFORMANCE MEASURE	PERFORMANCE LEVELS				
	PRIOR FY 03 ACTUAL	TARGETS			
		FY 04	FY05		
Project Completed YTD compared to Projected YTD Cash Flow	\$83.7M	97.0M	53.0M		This measure is dependent on the schedule and the Construction Manager promptly billing for work performed
Overall Schedule against Schedule based on Contract Time	715 days	N/A	1,097		This is not a target measure, it is more of a indicator of where we are at a given point in time

Departmental Business Plan and Outlook

Department Name: PACMO

Fiscal Years: 2004 and 2005

Goal ED4: Create a more business-friendly environment in Miami-Dade County

Goal ED1: Allocate County Government resources in support of activities that increase and diversify jobs and incomes while eliminating socio-economic disparities in underserved areas

Outcome ED4-1: Improved infrastructure and redevelopment to attract businesses to underserved and distressed areas

Outcome ED1-2: Increased number of county residents with the job skills to achieve economic self-sufficiency

Strategies: Promote a healthy economy through business development, further economic diversification based on key industries, and by addressing economic disparities in our community.

Key Performance Indicator(s)/Objective(s) (From Strategic Plan): None Applicable

The following performance indicators are intended to measure the Project's progress in relation to schedule and budget

		FY	FY		
DEPARTMENT PERFORMANCE OBJECTIVE(S)				TASKS/ACTIVITIES/PROGRAMS	OWNERSHIP
DESCRIPTION OF PERFORMANCE MEASURE	PERFORMANCE LEVELS				
	PRIOR FY 03 ACTUAL	TARGETS			
		FY 04	FY05		
Dollars generated to local contractors via construction contracts	\$34.9M or 14.8%		19.11%		This measure is an overall DBD Contract measure, we do not separate into fiscal years
Wages paid via utilization of work-force	17.5M	N/A	42.0M		The target of \$42.0M is an overall Project target, we do not separate into fiscal years
Actual work-force compared with Projected work-force	198	N/A	400		The target of \$400 is an overall Project target, we do not separate into fiscal years